Mergers & Acquisitions Predictor

Issue 8 | March 2016

Buoyant M&A market
expected to continue

kpmg.com/nz

What is KPMG's M&A Predictor?

The Predictor is a forward-looking tool that helps our clients consider trends and expectations in merger and acquisition (M&A) activity. By tracking important analyst indicators up to 12 months forward, it examines the appetite and capacity for M&A deals. The rise or fall of forward price to earnings (P/E) ratios offers a guide to overall market confidence, while net debt to EBITDA (earnings before tax, depreciation and amortisation) ratios help gauge the capacity of NZ firms to fund future acquisitions.

The KPMG NZ M&A Predictor is produced every six months, and incorporates analyst data on all companies in the NZX50.*

KPMG International also releases a Global M&A Predictor twice a year which provides a similar analysis by sector and country across the globe, using 1,000 of the largest companies in the world by market capitalisation.* Within this publication we consider how trends in New Zealand mirror those being experienced globally. This can be accessed via kpmg.com.

The NZ data and a summary of global data by country is incorporated in the table on page 8.

**The financial services and property sectors are excluded from both the NZ and global analysis as net debt/EBITDA ratios in these sectors would distort the analysis. All the raw data used within the NZ and Global Predictors is sourced from S&P Capital IQ, supplemented by broker research. Where possible, earnings and EBITDA data has been sourced on a pre-exceptionals basis.*

Buoyant M&A market to continue, with strong foreign interest experienced

Welcome to this latest edition of KPMG's M&A Predictor.

We're expecting the buoyant M&A climate to continue in 2016, albeit with some new drivers at play. Our latest Predictor shows capacity and appetite for deal-making among New Zealand corporates remains fairly static, compared to global capacity which is up 13%. When you couple that with the relatively weak state of our dollar, this could well drive heightened interest from foreign investors in 2016. The sought-after sectors are likely to include dairy and beef, property (including aged care), R&D-led manufacturing businesses; as well as the industries mentioned below.

The past six months has been a busy period of sector consolidation; particularly across manuka honey, healthcare and aged care, and vocational education. KPMG is aware of another two sectors that are in the early stages of forming a consolidated play.

Australian private equity firms continue to be active here. A number of Australian funds have recently raised new capital, and we've been advised on several occasions this year they are looking at allocating a greater proportion to New Zealand. This is partly to capitalise on the fact several of the New Zealand funds will be more focused on exits, portfolio improvement opportunities and fund raising this year (as opposed to new buy-out opportunities).

Meanwhile things continue to look pretty quiet on the IPO front. Given the continued equity market volatility – coupled with the fact valuations have come off slightly in the back half of 2015 – we expect more owners will explore a private sale as an alternative to an IPO in the short to mid-term.

An invitation for business owners

If you're considering your options in the current market, have a chat to us at KPMG. Or if you're thinking of exiting several years down the track, we can advise on the merits of various options, as well as shaping your business strategy with exit in mind.

Ian Thursfield
Partner in Charge,
Deal Advisory
KPMG New Zealand

Nick McKay
Director, Deal Advisory –
Mergers & Acquisitions
KPMG New Zealand

Appetite: forward P/Es
(Market confidence)
Since Dec 2014

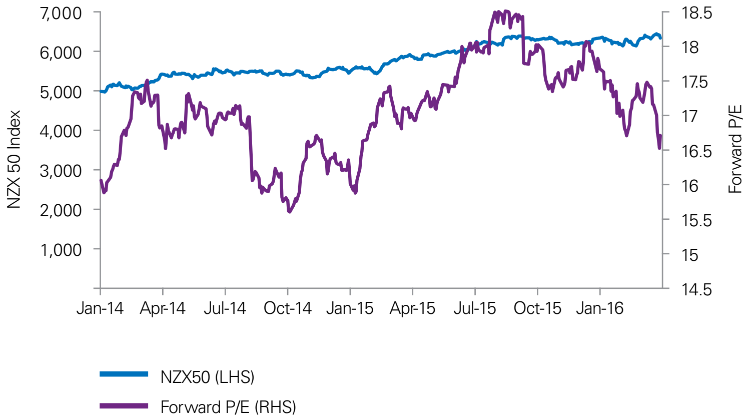
▲ **UP 1%**

Capacity
(Net debt/EBITDA)
By Dec 2016

▼ **DOWN 1%**

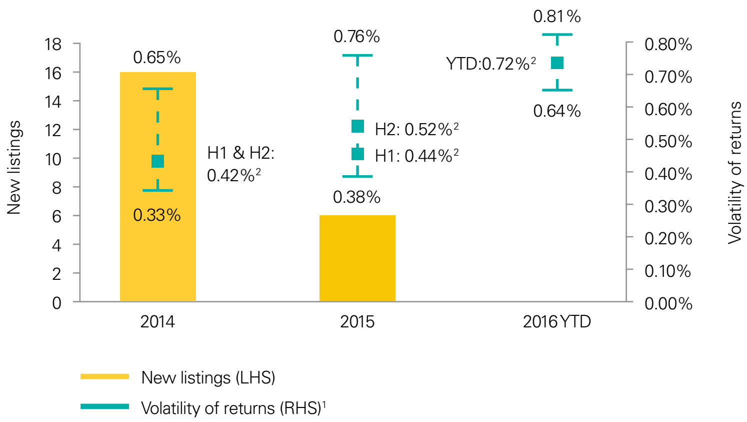
Domestic economic indicators and market performance

Key domestic indicators are supportive of buoyant M&A conditions to continue into 2016. Banks remain competitive in supporting leveraged transactions at even lower costs following recent OCR cuts: Consumer confidence remains robust, with four of the last five months seeing modest rises according to the ANZ-Roy Morgan Consumer Confidence index; and GDP growth outlook remains relatively unchanged, with the RBNZ forecasting c. 2.1% p.a. for 2016, rising to c. 3.6% p.a. by 2018. These factors are complemented by the pressure for succession in many privately-held New Zealand businesses, given our aging population demographic.



Volatility of NZX50 returns

An equally important driver of M&A activity is the IPO market (IPOs being a competing alternate exit mechanism for medium to larger businesses). Given the recent volatility in New Zealand equity markets and a recent fall valuation multiples (as illustrated in the charts on the right), we expect a fairly quiet IPO market for 1H 2016. In theory, a quiet IPO market will pave the way for more M&A transaction volume. Volatility will need to settle for a period of at least a few months before we see the next wave of domestic floats.



Source: Bloomberg 15 Feb 2016.
[1] Volatility calculated based on standard deviation of daily returns of the NZX50
[2] Median standard deviations

We expect several key themes to drive activity in 2016:

We expect active approaches by participants in the healthcare, education and food and beverage sectors seeking bolt-on acquisitions for their respective platform assets (many of these investors are new to the New Zealand market in 2015, which we discuss further on page 7).

Globally, capacity (measured by net debt to EBITDA) is up 13%. Historically, inbound investors have accounted for around half of M&A transactions in New Zealand, so strong cash reserves coupled with a low NZ dollar, will likely drive plenty of interest from foreign institutions and investors during 2016. Those sectors most prone to acquisition by foreigners include dairy and beef, property (including aged care), R&D led manufacturing businesses, infrastructure and food & beverage.

In terms of the private equity landscape, several of the large New Zealand funds will likely look to raise funds in 2016 and at present have little funding left within existing funds. The Australian private equity players are becoming increasingly flexible from an investment size perspective (given the limited supply of quality $50 – $200m businesses and crowded market of potential buyers). Many are looking at smaller investments and also buy-and-build/roll-up opportunities.

Global markets

Given strong growth in capacity to fund deals and ongoing volatility in the global equity markets, we expect softer IPO activity and strong global M&A activity to start 2016 (in line with New Zealand). With healthy balance sheets and strong liquidity in the debt markets of mature Western economies, we expect companies will continue to pursue transactions and believe that we will see strong activity in many Western economies in 2016.

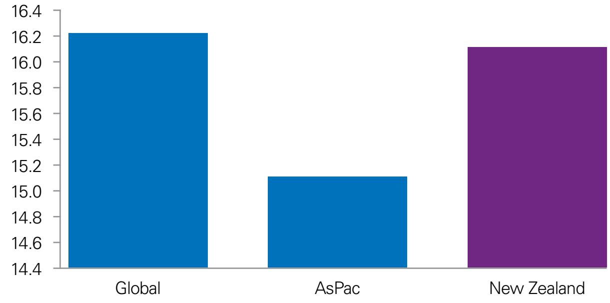
"*Despite recent market jitters, the expectation that M&A activity will remain robust in 2016 is well-founded based on corporates' ample cash reserves and their desire for growth coupled with consistent demand for quality opportunities from private equity sponsors",* commented Phil Isom, KPMG Global Head of M&A.

Local markets

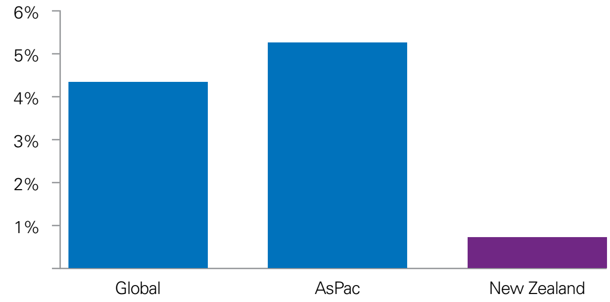
Growth in market confidence among New Zealand corporates (indicated by forward P/E ratios) is expected to be modest, with an expected increase of 1%.

Market confidence is supported by record levels of net migration, and a low NZ Dollar which will benefit certain sectors (e.g. tourism and non-dairy exports). However we note that market confidence is adversely impacted by soft dairy prices, capacity constraints in the construction sector and, in some cases, a weaker dollar (i.e. for our net importers).

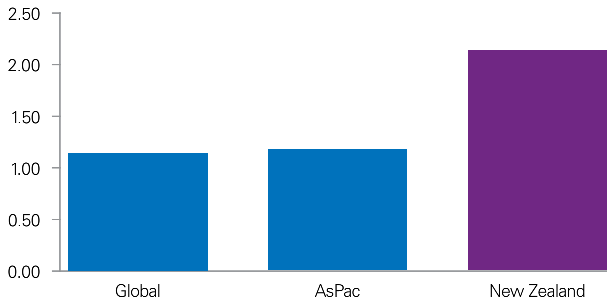
Absolute forward P/E (to Dec-16)



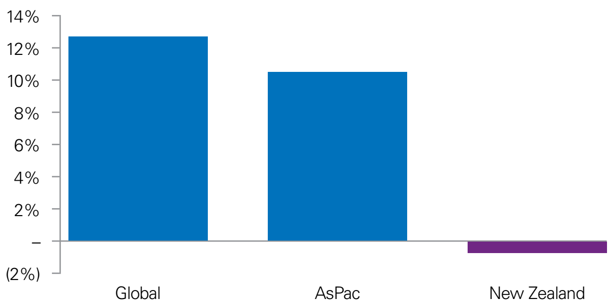
Change in appetite (market confidence) (since Dec-14)



Absolute net debt to EBITDA (to Dec-16)



Change/increase in capacity (by Dec-16)



Source: S&P Capital IQ excluding financial services and property sectors, 31 Dec 2015.

Some key themes for New Zealand

The honey sector saw Pacific Equity Partners (Australia), Ngāi Tahu (New Zealand Iwi) and a Chinese financial investor all acquire interests in honey assets, which will see further activity as parties seek to secure supply.

The education sector saw two significant transactions over the last 6 months, with Archer Capital acquiring Aspire2 (in a consolidation transaction) and Pacific Equity Partners acquiring Academic Colleges Group. There are a large number of educational institutions under fragmented private ownership that we expect will be targeted by the larger players in the market.

Healthcare has had recent inbound investment in the private hospital and aged care sectors, and we expect M&A activity to continue in 2016.

As mentioned on the first page, KPMG's most recent global M&A predictor shows capacity of corporates to fund M&A growth (as measured by net debt to EBITDA ratios), is expected to rise by 13% over the same period, as companies continue to pay down debt and bolster their cash reserves.

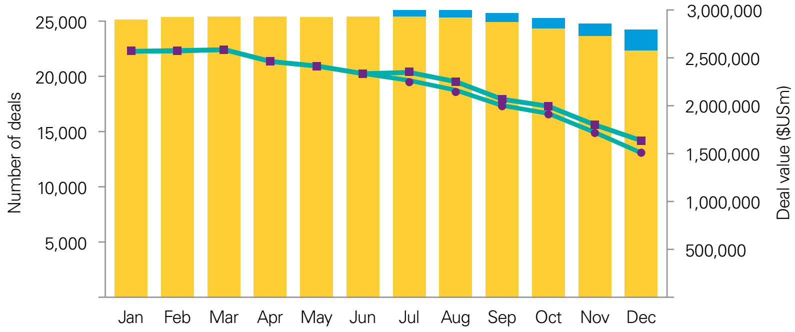
North America and Europe are both expected to show significant increases in capacity, at 15% and 12% respectively. Capacity in Africa and the Middle East is also high at 19%. The strong growth in global financial capacity will likely result in New Zealand receiving continued interest from foreign institutions and investors (historically around half of local M&A transactions have originated from inbound investors).

Capacity in China too is up significantly, with increasing pressure to grow amongst challenging domestic conditions. The presence of a third major Chinese bank in New Zealand will help facilitate New Zealand investment by Chinese investors.

The only two regions expecting a below average growth in capacity are Japan and Latin America.

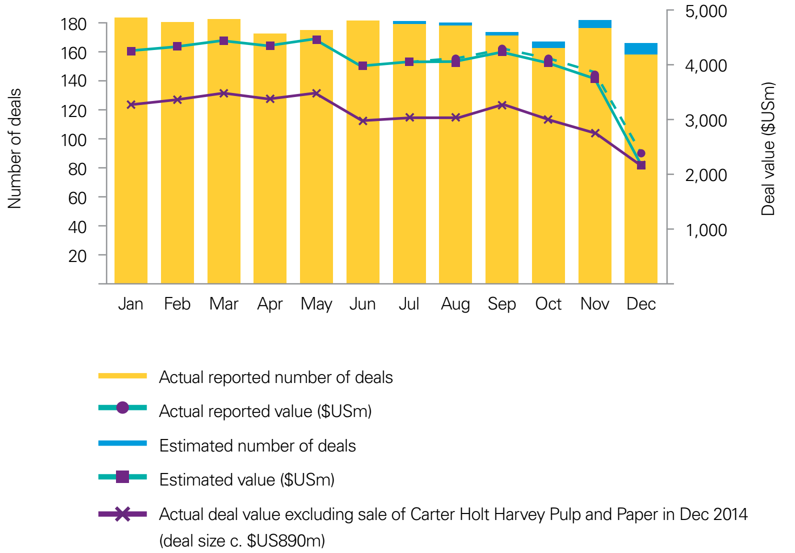
Global completed deals

1 year trailing Jan 2015 to Dec 2015



New Zealand completed deals:

1 year trailing Jan 2015 to Dec 2015



Source: Thomson Reuters and KPMG analysis

Note: Figures shown are totals for the 12 month period ended on the specified month end. Thomson Reuters database is 'live' and incorporates more data as that data becomes available. Hence, less emphasis should be placed on the more current reported data, as that dataset will likely increase over time. We have estimated the likely increase in reported transaction volumes from the last 6 months by reference to prior data sets and the average increase in reported deals over time. Deal values are estimated by applying estimated volume increment by average deal value to that date.

Country	Number of Companies	MARKET CAP						NET PROFIT (PRE EXCEPTIONALS)					
		As at 31 Dec 14	As at 30 Jun 15	As at 31 Dec 15	% Change			31 Dec 14 31 Dec 15	30 Jun 15 30 Jun 16	31 Dec 15 31 Dec 16	% Change		
		A[1]	B[1]	C[1]	C vs A[1]	B vs A[1]	C vs B[1]	A[1]	B[1]	C[1]	C vs A[1]	B vs A[1]	C vs B[1]
Africa and Middle East	19	460,292	494,764	435,570	(5%)	7%	(12%)	33,281	32,672	30,604	(8%)	(2%)	(6%)
AsPac: Japan (GAAP)	99	2,005,993	2,260,559	2,194,083	9%	13%	(3%)	138,755	151,925	145,704	5%	9%	(4%)
AsPac: Other	201	5,027,314	5,564,480	4,778,666	(5%)	11%	(14%)	352,229	363,887	315,961	(10%)	3%	(13%)
Europe	252	8,441,666	8,763,909	8,247,149	(2%)	4%	(6%)	607,170	608,292	537,351	(11%)	0%	(12%)
LatAm	24	631,401	625,092	461,981	(27%)	(1%)	(26%)	47,960	40,099	31,365	(35%)	(16%)	(22%)
North America	405	16,142,912	16,123,294	15,730,462	(3%)	(0%)	(2%)	927,703	960,011	903,417	(3%)	3%	(6%)
Global:	1,000	32,709,578	33,832,099	31,847,911	(3%)	3%	(6%)	2,107,098	2,156,886	1,964,401	(7%)	2%	(9%)
Argentina	13	470,220	421,598	356,311	(24%)	(10%)	(15%)	30,144	24,878	18,168	(40%)	(17%)	(27%)
Australia	1	8,691	8,969	9,259	7%	3%	3%	1,042	942	748	(28%)	(10%)	(21%)
Belgium	5	227,584	236,920	246,086	8%	4%	4%	11,771	12,182	11,094	(6%)	3%	(9%)
Bermuda	3	51,325	46,295	41,388	(19%)	(10%)	(11%)	4,055	4,365	3,981	(2%)	8%	(9%)
Brazil	8	271,823	275,222	171,059	(37%)	1%	(38%)	25,542	19,344	14,015	(45%)	(24%)	(28%)
Canada	26	653,748	621,078	489,363	(25%)	(5%)	(21%)	37,108	36,996	30,141	(19%)	(0%)	(19%)
Chile	4	59,485	57,858	48,704	(18%)	(3%)	(16%)	3,758	3,936	3,360	(11%)	5%	(15%)
China	82	2,018,637	2,515,634	2,025,685	0%	25%	(19%)	121,128	131,288	111,506	(8%)	8%	(15%)
Colombia	1	35,869	27,391	14,378	(60%)	(24%)	(48%)	3,400	2,240	1,663	(51%)	(34%)	(26%)
Czech Republic	1	13,780	12,398	9,538	(31%)	(10%)	(23%)	1,058	932	895	(15%)	(12%)	(4%)
Denmark	7	210,496	241,951	249,947	19%	15%	3%	12,638	13,599	12,405	(2%)	8%	(9%)
Finland	5	89,459	79,904	82,490	(8%)	(11%)	3%	4,950	4,759	4,502	(9%)	(4%)	(5%)
France	44	1,373,993	1,408,278	1,308,224	(5%)	2%	(7%)	89,481	88,972	81,385	(9%)	(1%)	(9%)
Germany	31	1,191,372	1,225,731	1,155,974	(3%)	3%	(6%)	90,360	93,660	83,397	(8%)	4%	(11%)
Hong Kong	17	606,863	660,704	594,843	(2%)	9%	(10%)	51,710	52,927	48,031	(7%)	2%	(9%)
India	26	605,602	635,718	582,670	(4%)	5%	(8%)	39,141	41,932	37,673	(4%)	7%	(10%)
Indonesia	3	66,880	65,652	60,144	(10%)	(2%)	(8%)	3,588	3,504	3,135	(13%)	(2%)	(11%)
Ireland	15	419,071	519,812	512,353	22%	24%	(1%)	25,729	34,346	31,173	21%	33%	(9%)
Israel	2	57,770	61,636	65,087	13%	7%	6%	4,464	4,487	5,708	28%	1%	27%
Italy	8	207,027	216,642	209,343	1%	5%	(3%)	14,633	13,145	11,553	(21%)	(10%)	(12%)
Japan	99	2,005,993	2,260,559	2,194,083	9%	13%	(3%)	138,755	151,925	145,704	5%	9%	(4%)
Luxembourg	3	46,905	43,501	38,297	(18%)	(7%)	(12%)	3,122	2,633	2,032	(35%)	(16%)	(23%)
Macau	1	39,692	27,165	27,643	(30%)	(32%)	2%	2,871	1,805	1,415	(51%)	(37%)	(22%)
Malaysia	9	129,445	117,193	109,831	(15%)	(9%)	(6%)	7,023	6,222	5,760	(18%)	(11%)	(7%)
Mexico	11	264,224	264,621	227,840	(14%)	0%	(14%)	15,260	14,579	12,327	(19%)	(4%)	(15%)
Morocco	1	11,041	9,745	9,896	(10%)	(12%)	2%	686	682	644	(6%)	(1%)	(5%)
Netherlands	17	654,704	656,803	618,963	(5%)	0%	(6%)	48,443	48,150	43,578	(10%)	(1%)	(9%)
Nigeria	1	18,553	15,402	14,539	(22%)	(17%)	(6%)	1,163	1,233	1,154	(1%)	6%	(6%)
Norway	3	98,325	103,569	81,386	(17%)	5%	(21%)	7,601	7,597	6,024	(21%)	(0%)	(21%)
Philippines	4	48,382	50,115	44,034	(9%)	4%	(12%)	2,295	2,491	2,337	2%	9%	(6%)
Poland	2	22,615	23,500	22,763	1%	4%	(3%)	1,555	1,575	1,497	(4%)	1%	(5%)
Portugal	1	27,909	23,924	18,456	(34%)	(14%)	(23%)	2,212	1,744	1,379	(38%)	(21%)	(21%)
Qatar	10	221,576	275,824	218,755	(1%)	24%	(21%)	69,111	60,440	48,369	(30%)	(13%)	(20%)
Russia	6	152,630	171,158	147,314	(3%)	12%	(14%)	12,747	12,198	11,136	(13%)	(4%)	(9%)
Saudi Arabia	6	121,688	129,088	121,766	0%	6%	(6%)	9,159	10,027	9,434	3%	9%	(6%)
Singapore	6	151,391	163,526	125,728	(17%)	8%	(23%)	8,871	8,783	7,006	(21%)	(1%)	(20%)
South Africa	19	477,896	470,913	456,047	(5%)	(1%)	(3%)	54,794	55,272	48,619	(11%)	1%	(12%)
South Korea	12	360,833	359,951	347,725	(4%)	(0%)	(3%)	21,189	20,945	19,104	(10%)	(1%)	(9%)
Spain	10	258,465	256,277	240,420	(7%)	(1%)	(6%)	15,124	15,818	14,634	(3%)	5%	(7%)
Sweden	25	1,147,436	1,161,576	1,098,290	(4%)	1%	(5%)	67,228	67,747	59,779	(11%)	1%	(12%)
Switzerland	14	329,847	352,419	307,156	(7%)	7%	(13%)	23,054	25,886	23,201	1%	12%	(10%)
Taiwan	7	112,162	118,282	92,536	(17%)	5%	(22%)	7,322	7,655	6,681	(9%)	5%	(13%)
Thailand	1	13,455	11,737	9,505	(29%)	(13%)	(19%)	1,243	1,079	1,051	(15%)	(13%)	(3%)
Turkey	2	40,998	49,374	54,549	33%	20%	10%	3,138	3,545	3,576	14%	13%	1%
United Arab Emirates	52	1,875,878	1,920,565	1,787,830	(5%)	2%	(7%)	120,892	119,772	104,131	(14%)	(1%)	(13%)
United Kingdom	376	15,437,839	15,455,921	15,199,712	(2%)	0%	(2%)	886,540	918,650	869,294	(2%)	4%	(5%)
Global:	1,000	32,709,578	33,832,099	31,847,911	(3%)	3%	(6%)	2,107,098	2,156,886	1,964,401	(7%)	2%	(9%)
AsPac	338	7,092,140	7,876,966	7,030,027	(1%)	11%	(11%)	494,658	519,212	465,214	(6%)	5%	(10%)
New Zealand	38	58,833	51,926	57,279	(3%)	(12%)	10%	3,674	3,400	3,549	(3%)	(7%)	4%

[1] *Refer page 12*

Country	Number of Companies	P/E						NET DEBT			EBITDA			(NET DEBT) / (EBITDA)		
		31 Dec 14 – 31 Dec 15	30 Jun 15 – 30 Jun 16	31 Dec 15 – 31 Dec 16	% Change			31 Dec 14 – 31 Dec 15	31 Dec 15 – 31 Dec 16	% change	31 Dec 14 – 31 Dec 15	31 Dec 15 – 31 Dec 16	% change	31 Dec 14 – 31 Dec 15	31 Dec 15 – 31 Dec 16	% change
		A[1]	B[1]	C[1]	C vs A[1]	B vs A[1]	C vs B[1]	D[1]	E[1]		F[1]	G[1]		D/F[1]	E/G[1]	
Africa and Middle East	19	13.8	15.1	14.2	3%	9%	(6%)	76,496	70,089	(8%)	54,572	60,945	12%	1.4	1.2	(18%)
AsPac: Japan (GAAP)	99	14.5	14.9	15.1	4%	3%	1%	686,059	703,999	3%	359,923	373,623	4%	1.9	1.9	(1%)
AsPac: Other	201	14.3	15.3	15.1	6%	7%	(1%)	706,078	624,313	(12%)	666,816	723,682	9%	1.1	0.9	(19%)
Europe	252	13.9	14.4	15.3	10%	4%	7%	1,604,647	1,482,688	(8%)	1,195,390	1,259,938	5%	1.3	1.2	(12%)
LatAm	24	13.2	15.6	14.7	12%	18%	(6%)	236,062	231,642	(2%)	93,646	99,744	7%	2.5	2.3	(8%)
North America	405	17.4	16.8	17.4	0%	(3%)	4%	2,405,009	2,195,364	(9%)	1,771,797	1,897,486	7%	1.4	1.2	(15%)
Global:	1,000	15.5	15.7	16.2	4%	1%	3%	5,714,352	5,308,095	(7%)	4,142,143	4,415,418	7%	1.4	1.2	(13%)
Argentina	13	15.6	16.9	19.6	26%	9%	16%	89,304	87,155	(2%)	53,245	53,371	0%	1.7	1.6	(3%)
Australia	1	8.3	9.5	12.4	48%	14%	30%	5,488	5,509	0%	4,171	3,815	(9%)	1.3	1.4	10%
Belgium	5	19.3	19.4	22.2	15%	1%	14%	49,125	54,287	11%	23,744	24,998	5%	2.1	2.2	5%
Bermuda	3	12.7	10.6	10.4	(18%)	(16%)	(2%)	13,613	11,596	(15%)	9,096	10,455	15%	1.5	1.1	(26%)
Brazil	8	10.6	14.2	12.2	15%	34%	(14%)	148,149	147,575	(0%)	44,608	47,706	7%	3.3	3.1	(7%)
Canada	26	17.6	16.8	16.2	(8%)	(5%)	(3%)	217,242	217,644	0%	77,480	82,639	7%	2.8	2.6	(6%)
Chile	4	15.8	14.7	14.5	(8%)	(7%)	(1%)	14,632	14,094	(4%)	8,587	9,297	8%	1.7	1.5	(11%)
China	82	16.7	19.2	18.2	9%	15%	(5%)	372,271	334,475	(10%)	246,373	274,366	11%	1.5	1.2	(19%)
Colombia	1	10.6	12.2	8.6	(18%)	16%	(29%)	15,439	15,424	(0%)	6,001	6,770	13%	2.6	2.3	(11%)
Czech Republic	1	13.0	13.3	10.7	(18%)	2%	(20%)	5,800	5,875	1%	2,648	2,553	(4%)	2.2	2.3	5%
Denmark	7	16.7	17.8	20.1	21%	7%	13%	9,202	8,060	(12%)	22,477	23,523	5%	0.4	0.3	(16%)
Finland	5	18.1	16.8	18.3	1%	(7%)	9%	-5,981	-7,521	(26%)	7,285	7,369	1%	-0.8	-1.0	(24%)
France	44	15.4	15.8	16.1	5%	3%	2%	259,008	234,714	(9%)	204,277	212,215	4%	1.3	1.1	(13%)
Germany	31	13.2	13.1	13.9	5%	(1%)	6%	127,795	116,209	(9%)	183,743	199,223	8%	0.7	0.6	(16%)
Hong Kong	17	11.7	12.5	12.4	6%	6%	(1%)	40,474	43,402	7%	112,945	118,456	5%	0.4	0.4	2%
India	26	15.5	15.2	15.5	(0%)	(2%)	2%	62,222	55,333	(11%)	59,638	69,353	16%	1.0	0.8	(24%)
Indonesia	3	18.6	18.7	19.2	3%	1%	2%	3,538	3,184	(10%)	6,102	6,648	9%	0.6	0.5	(17%)
Ireland	15	16.3	15.1	16.4	1%	(7%)	9%	91,037	56,907	(37%)	43,413	48,440	12%	2.1	1.2	(44%)
Israel	2	12.9	13.7	11.4	(12%)	6%	(17%)	9,255	6,897	(25%)	6,380	8,713	37%	1.5	0.8	(45%)
Italy	8	14.1	16.5	18.1	28%	16%	10%	136,992	132,759	(3%)	53,188	55,773	5%	2.6	2.4	(8%)
Japan	99	14.5	14.9	15.1	4%	3%	1%	686,059	703,999	3%	359,923	373,623	4%	1.9	1.9	(1%)
Luxembourg	3	15.0	16.5	18.8	25%	10%	14%	3,043	3,377	11%	4,442	4,545	2%	0.7	0.7	8%
Macau	1	13.8	15.1	19.5	41%	9%	30%	2,310	3,378	46%	2,140	2,177	2%	1.1	1.6	44%
Malaysia	9	18.4	18.8	19.1	3%	2%	1%	12,108	9,606	(21%)	10,872	11,725	8%	1.1	0.8	(26%)
Mexico	11	17.3	18.2	18.5	7%	5%	2%	57,842	54,548	(6%)	34,449	35,971	4%	1.7	1.5	(10%)
Morocco	1	16.1	14.3	15.4	(5%)	(11%)	7%	1,088	1,039	(5%)	1,727	1,797	4%	0.6	0.6	(8%)
Netherlands	17	13.5	13.6	14.2	5%	1%	4%	112,635	109,419	(3%)	97,899	106,544	9%	1.2	1.0	(11%)
Nigeria	1	16.0	12.5	12.6	(21%)	(22%)	1%	1,225	1,509	23%	1,370	1,611	18%	0.9	0.9	5%
Norway	3	12.9	13.6	13.5	4%	5%	(1%)	23,208	26,276	13%	26,987	27,989	4%	0.9	0.9	9%
Philippines	4	21.1	20.1	18.8	(11%)	(5%)	(6%)	10,435	10,252	(2%)	4,704	4,965	6%	2.2	2.1	(7%)
Poland	2	14.5	14.9	15.2	5%	3%	2%	21,389	21,120	(1%)	5,835	5,793	(1%)	3.7	3.6	(1%)
Portugal	1	12.6	13.7	13.4	6%	9%	(2%)	-1,399	-1,334	5%	304	297	(2%)	-4.6	-4.5	2%
Qatar	10	3.2	4.6	4.5	41%	42%	(1%)	80,048	72,740	(9%)	91,766	91,769	0%	0.9	0.8	(9%)
Russia	6	12.0	14.0	13.2	10%	17%	(6%)	51,216	48,321	(6%)	24,162	26,429	9%	2.1	1.8	(14%)
Saudi Arabia	6	13.3	12.9	12.9	(3%)	(3%)	0%	26,070	23,788	(9%)	14,177	15,259	8%	1.8	1.6	(15%)
Singapore	6	17.1	18.6	17.9	5%	9%	(4%)	9,230	10,417	13%	11,459	12,647	10%	0.8	0.8	2%
South Africa	19	8.7	8.5	9.4	8%	(2%)	10%	71,627	45,360	(37%)	102,913	110,642	8%	0.7	0.4	(41%)
South Korea	12	17.0	17.2	18.2	7%	1%	6%	148,123	137,106	(7%)	55,801	58,509	5%	2.7	2.3	(12%)
Spain	10	17.1	16.2	16.4	(4%)	(5%)	1%	18,303	15,571	(15%)	26,339	27,986	6%	0.7	0.6	(20%)
Sweden	25	17.1	17.1	18.4	8%	0%	7%	94,024	77,537	(18%)	99,860	104,573	5%	0.9	0.7	(21%)
Switzerland	14	14.3	13.6	13.2	(7%)	(5%)	(3%)	-6,658	-13,110	(97%)	39,483	41,965	6%	-0.2	-0.3	(85%)
Taiwan	7	15.3	15.5	13.8	(10%)	1%	(10%)	22,378	21,491	(4%)	14,225	14,758	4%	1.6	1.5	(7%)
Thailand	1	10.8	10.9	9.0	(17%)	0%	(17%)	3,909	4,079	4%	1,707	1,929	13%	2.3	2.1	(8%)
Turkey	2	13.1	13.9	15.3	17%	7%	10%	5,881	3,238	(45%)	9,169	9,451	3%	0.6	0.3	(47%)
United Arab Emirates	52	15.5	16.0	17.2	11%	3%	7%	421,501	408,663	(3%)	239,806	252,392	5%	1.8	1.6	(8%)
United Kingdom	376	17.4	16.8	17.5	0%	(3%)	4%	2,174,155	1,966,125	(10%)	1,685,221	1,804,392	7%	1.3	1.1	(16%)
Global:	1,000	15.5	15.7	16.2	4%	1%	3%	5,714,352	5,308,095	(7%)	4,142,143	4,415,418	7%	1.4	1.2	(13%)
AsPac	338	14.3	15.2	15.1	5%	6%	(0%)	1,410,945	1,346,886	(5%)	1,035,354	1,105,744	7%	1.4	1.2	(11%)
New Zealand	38	16.0	15.3	16.1	1%	(5%)	6%	18,808	18,574	(1%)	8,616	8,440	(2%)	2.2	2.2	1%

[1] *Refer page 12*

Buoyant M&A market expected to continue

KPMG's Deal Advisory team provides objective, unbiased advice on a range of financial transactions undertaken by corporations, financial institutions and government departments. Our team is fluent and insightful across an array of services in today's increasingly complex financial marketplace.

We help people buy, sell, fix, fund and partner in the following ways:

- equity capital raising, including public offerings and placements
- debt capital raising: corporate, sovereign, project and structured finance
- capital restructuring and securitisations
- acquisitions, mergers, takeovers and buy-outs
- divestitures and demergers
- joint ventures and transaction alliances.

KPMG is consistently at the forefront of the global leaderboard for advising on transactions according to Thomson Financial Securities Data. This means we offer you proven skills to seize transactional opportunities and cut through to greater success in an increasingly volatile and complex trading environment.

If you would like to know more about the Deal Advisory services we offer, please call us on +64 (09) 367 5800.

Our Deal Advisory services include

Divestment Assistance

Are you focussed on maximising the sale value of your business?

We regularly act as lead adviser providing guidance on: deal timing, sourcing and contacting likely buyers, valuation, bid management and negotiating key terms. We also provide vendor due diligence, tax and sell side support services.

Infrastructure and Financing

Are you a public or private party needing advice on primary procurement?

This includes deal structuring, value for money, and structured finance solutions.

Acquisition Advice

Are you looking to secure a target asset?

We review whether the target fits your strategic direction, offer valuation guidance, assist in formulating your offer, perform due diligence and negotiate your offer to completion.

Takeovers and Mergers

Are you looking for a trusted partner in this area?

We provide lead financial advisory assistance in complex and high profile public takeovers and mergers across the capital markets. This includes both those agreed between the parties, and those which are unsolicited or hostile.

Management Buyouts (MBO)

Do you need unbiased and objective input on MBO feasibility?

We deliver lead advisory guidance on deal structuring, offer creation, capital raising (equity and debt) and negotiations to completion.

Valuations

Do you require specialist valuation advice?

We take a collaborative, cross disciplinary approach to provide you with commercial, rigorously prepared valuation advice. We take care to balance our technical methodologies with 'real world' inputs that draw on our proprietary transaction, royalty and impairment databases.

Debt Advisory

Are you looking for independent, borrower-focused debt advice?

We analyse alternative structuring options, facilitate access to a wider range of lenders, navigate credit committees and advise on negotiations to completion.

Dispute Advisory

Are you facing a commercial dispute?

KPMG's dispute advisory team provides commercial clarity and focus to help clients navigate the challenges of disputes and litigation effectively. Our team specialises in valuations for dispute purposes, assessment of financial losses, fraud investigations and purchase price disputes.

[1] **Notes**

A: *Consensus forecasts in existence on 31-Dec-14 in respect of the year ending 31-Dec-15 for net profit and P/E* • **B:** *Consensus forecasts in existence on 30-June-15 in respect of the year ending 30-June-16 for net profit and P/E* • **C/G:** *Consensus forecasts in existence on 31-Dec-15 in respect of the year ending 31-Dec-16 for net profit, P/E and EBITDA* • **D:** *Actual/Consensus net debt forecasts in existence on 31-Dec-15 in respect to the closest fiscal year end to 31-Dec-15* • **E:** *Consensus forecasts in existence on 31-Dec-15 in respect of the closest fiscal year end to 31-Dec-16* • **F:** *Consensus forecast in existence on 31-Dec-15 in respect of the year ending 31-Dec-15*

Contact us

Ian Thursfield
Partner in Charge, Deal Advisory
T: +64 (0) 9 367 5858
E: ithursfield@kpmg.co.nz

Gary Ivory
Partner, Deal Advisory – Mergers & Acquisitions
T: +64 (0) 9 367 5943
E: givory@kpmg.co.nz

Nick Mckay
Director, Deal Advisory – Mergers & Acquisitions
T: +64 (0) 9 363 3638
E: nmckay@kpmg.co.nz

Troy Newton
Partner, Deal Advisory – Corporate Finance (Wlg)
T: +64 (0) 4 816 4710
E: twnewton@kpmg.co.nz

Justin Ensor
Partner, Deal Advisory – Corporate Finance (Akl)
T: +64 (0) 9 367 5934
E: jmensor@kpmg.co.nz

Simon Wilkins
Partner, Deal Advisory – Corporate Finance (Akl)
T: +64 (0) 9 363 3480
E: swilkins1@kpmg.co.nz

David King
Director, Deal Advisory – Transaction Services
T: +64 (0) 9 363 3585
E: davidking@kpmg.co.nz

kpmg.com/nz